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Kaleel Rahman
American University in Dubai

Charles S. Areni
University of Sydney, careni@uow.edu.au

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Abstract

Brand architecture is a set of interlinked building blocks reflecting the levels of branding, from higher level corporate brands to lower level product sub-brands, and the linkages amongst them (Uncles et al., 1995). For example, not only is the powerful linkage between Nestle and its sub-brand KitKat synergistic but also the association of each benefits the image of the other. Little research has been done to understand branding decisions at the sub-brand level in services sector. The branding of sub-brands in services has been implicitly assumed to be either identical to the branding of sub-brands for physical goods, or simply not at all relevant to services marketing. We address two issues in this paper. We have made an attempt to (a) conceptualize sub-brands within the context of brand architecture strategies; (b) use Aaker and Joachimsthaler's "brand relationship spectrum" (2000a) to develop a "service brand relationship matrix" (SBRM) to understand brand architectures in services.

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Service Brand Relationship Matrix: Brand Strategy for Services Sector

Kaleel Rahman* and Charles S. Areni**

Brand architecture is a set of interlinked building blocks reflecting the levels of branding, from higher level corporate brands to lower level product sub-brands, and the linkages amongst them (Uncles et al., 1995). For example, not only is the powerful linkage between Nestle and its sub-brand KitKat synergistic but also the association of each benefits the image of the other. Little research has been done to understand branding decisions at the sub-brand level in services sector. The branding of sub-brands in services has been implicitly assumed to be either identical to the branding of sub-brands for physical goods, or simply not at all relevant to services marketing. We address two issues in this paper. We have made an attempt to (a) conceptualize sub-brands within the context of brand architecture strategies; (b) use Aaker and Joachimsthaler's "brand relationship spectrum" (2000a) to develop a "service brand relationship matrix" (SBRM) to understand brand architectures in services.

Field of Research: Marketing

1. Introduction

Services currently represent a large and steadily increasing share of the global economy (Lovelock et al., 2004). In Australia, the top 20 brands ranking by Interbrand, reported in *BRW*, shows that 17 of the top 20 brands are from the services sector (Lloyd, 2001). In the next decade 90-95% of jobs created in the developed economy are expected to be in the services sector, as the new dominant logic for marketing is foreseen as one in which service provision rather than the manufacturing of goods is fundamental to economic exchange (Vargo & Lusch, 2004). The increasing dominance of the services economy world-wide has led some researchers to pay greater attention to unique aspects of branding services versus goods.

*Dr. Kaleel Rahman, American University in Dubai, United Arab Emirates, Email: krahman@aud.edu

P.O. Box 28282, Dubai, U.A.E., Tel: +971 4 399 9000 Ext. 327

**Dr. Charles S. Areni, The University of Sydney, Australia, Email: careni@econ.usyd.edu.au

For example, de Chernatony and Dall' Olmo Riley (1999) conducted in-depth interviews with brand consultants and concluded that managers of services brands should not simply rely on FMCG branding techniques, and that adjustments were needed at the operational level to reflect the unique characteristics of services. Emphasising the heterogeneity and inseparability characteristics of services, Berry (2000) conceptualized a service branding model based on 14 high performance service companies, and proposed that creating an emotional connection with customers was the key to success. O'Cass and Grace (2003) found that services brands differed from manufactured goods brands and that services brand managers were faced with challenges that were distinct from those faced by goods brand managers because of the inherent risks associated with services purchases.

Berry (2000), and O'Cass and Grace (2003) investigated unique aspects of *services brand associations*. Drawing from Keller's (1993) conceptualization of brand knowledge, Berry proposed a conceptual model of services brand equity. Berry considered customers' experience with the company as the primary antecedent to the creation of brand meaning. However, he posited that external brand communications, such as word-of-mouth, publicity, and the marketing communication efforts of the company, influenced the brand meaning profile to a lesser extent. O'Cass and Grace, in a multi-method study of services brand associations, found that employees, services facilities, experience, and word-of-mouth were the most significant dimensions of services brands. According to their model, brand dimensions in the form of core service, personnel, price, servicescape, advertising, publicity, brand name, country of origin, word of mouth and image result in meaningful associations, and meaningful brand associations influence attitudes which in turn influence purchase decisions.

Interestingly, none of the researchers to date have made an attempt to understand brand equity in general, or brand associations in particular, at the sub-brand level in services. The branding of sub-brands in services has been implicitly assumed to be either identical to the branding of sub-brands for physical goods, or simply not at all relevant to services marketing. We address two issues in this paper. We have made an attempt to (a) conceptualize sub-brands within the context of brand architecture strategies; (b) use Aaker and Joachimsthaler's "brand relationship spectrum" (2000a) to develop a *service brand relationship matrix* to understand brand architectures in services.

2. Brand Architecture and Sub-Brands

Brand architecture is a set of interlinked building blocks reflecting the levels of branding, from higher level corporate brands to lower level product sub-brands, and the linkages amongst them (Uncles et al., 1995). For example, not only is the powerful linkage between Nestle and its sub-brand KitKat synergistic but also the association of each benefits the image of the other. Lederer and Hill (2001) described a "brand portfolio

molecule” of a company, which includes all the brands that factor into a consumer’s decision to buy, whether or not the company owns them or not. For example, although most of its back-office operations are performed by Commonwealth Bank, Ezybank is part of Woolworths in the eye of the consumer. Olins (1989) proposed three approaches to brand architecture strategies. *Monolithic* structures have the corporation using one name and a particular visual style throughout its portfolio of services. *Endorsed* structures have the corporate identity used in association with the name of subsidiaries whose visual styles can be quite diverse. *Branded identities* have products with totally different brand names and appearance. LaForet and Saunders (1994) content-analysed 20 brands sold by Britain’s top 20 suppliers and established a brand hierarchy. They found that corporate-dominant brands tend to use either corporate brand names, such as Heinz and Kellogg’s, or house brand names, usually a subsidiary’s name, such as Quaker maintaining Fisher-Price in its acquired toys division. They also found that a significant proportion of brands were of composite or mixed nature, reflecting a sub-branding approach at the most specific level (e.g. Cadbury Dairy Milk and Lux by Lever).

Sub-branding involves combining an established company’s name to develop a product or service that has its own brand identity in terms of a given market segment (Saunders & Watters, 1993). According to Aaker (1996, p. 248), a “sub-brand is a brand that distinguishes a part of the product line within the brand system”. For example, Holden uses the sub-brand Commodore to distinguish a specific model, including its characteristics and its personality, from another model such as the Barina. Both are Holdens, and both enjoy the brand equity of the Holden name, but each is a distinct product with a separate brand identity. Aaker asserted that a sub-brand should add value by describing offerings, structuring and clarifying offerings, and modifying identity by changing associations. Keller (1998) identified two benefits of sub-branding: facilitating access to associations of the parent brand as a whole, and allowing for the creation of specific brand beliefs. Drawing from the above assertions, a sub-brand should possess the following characteristics (Rahman (2007):

- A sub-brand should communicate its parent or corporate name in some fashion and facilitate access to associations of the parent brand as whole.
- A sub-brand should have an identity which is distinct from its parent brand’s identity as well as from other sibling sub-brands’ identities, allowing for the creation of specific brand associations at the target sub-brand level, perhaps by modifying identity and/or by changing associations.
- A sub-brand should be identifiable and appealing to a target market.

Thus, a sub-brand involves the holistic abstraction of the concept. For example, Telstra Bigpond includes the parent company (Telstra), the sub-branded service (Bigpond), the category in which the sub-branded service operates (internet services), associated logo (Bigpond logo), colour (blue colour) and brand name (Bigpond as a name). Based on this notion, Rahman (2007) developed a taxonomy of brand meaning (see figure 1) which includes five components as follows:

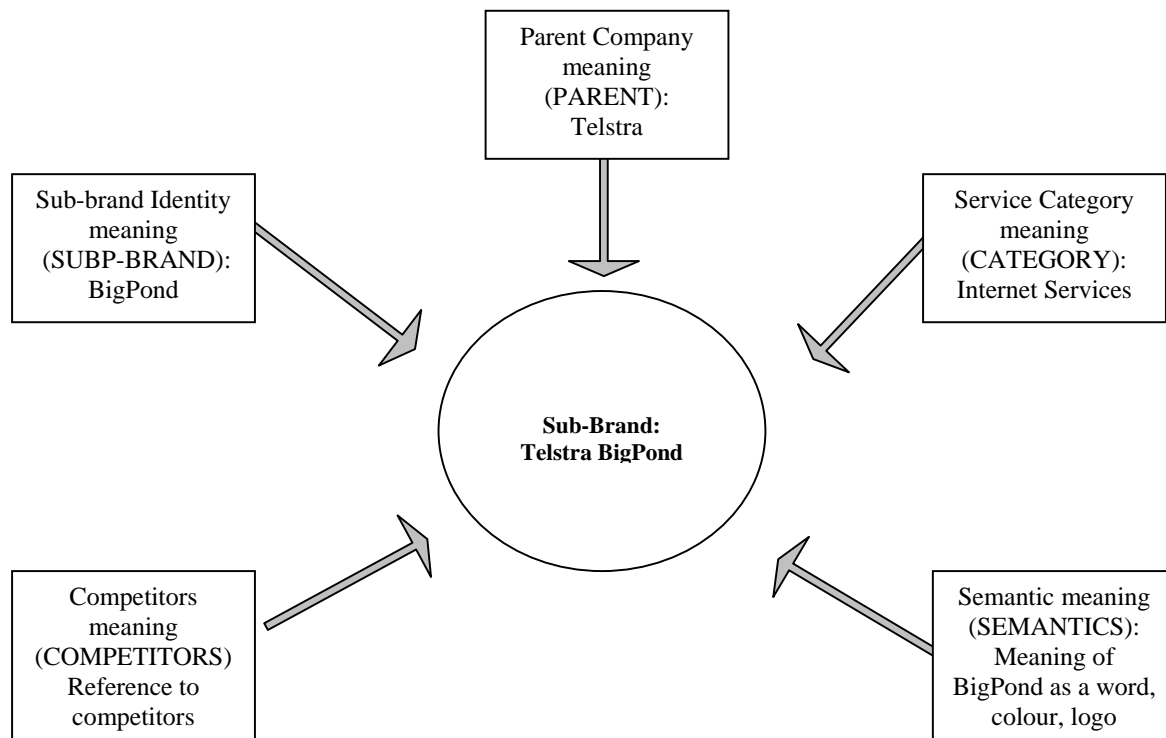


Figure 1 Brand meaning components using Telstra BigPond as an example (adapted from Rahman, 2007)

1. The sub-brand meaning component captures the notion of genuine brand equity at the sub-brand level as it included anything judged to be mentioned about the sub-brand.
2. The parent company meaning component was conceptualized as anything judged to be mentioned about the parent company.
3. Generic associations with the specific service category included reference to the service category and its attributes, characteristics and features in any form.
4. The semantic meaning component includes associations referring to the general semantics of the sub-brand's brand name, font, logo, color, visual style and slogan that do not indicate any specific knowledge of the underlying sub-brand.
5. Finally, there was reference to competitors in response to the sub-brand stimulus.

To place the notion of sub-brands in the context of parent brands and mono brands (individual stand-alone brands), Aaker and Joachimsthaler (2000a) proposed an alternative view of brand architecture, calling it the “brand relationship spectrum” (see Figure 2). We have created an example from the services sector for each basic type.

At one end of the continuum, emphasis on the corporate brand is called the “branded house” (corporate brand) strategy, and at the other end the focus on individual product brands is labeled the “house of brands” (mono-brand) strategy. The brand relationship spectrum includes five different versions of “sub-brands”: master brand as driver, co-drivers, strong endorsement, linked name, and token endorsement between the two extremes of corporate and mono brands.

The primary distinction between these different types of sub-brand is the relative salience of connection between the parent brand and sub-branded offer. With “endorsed brands”, the company name is secondary, as in Courtyard by Marriott, whereas with “subbrands” the company name tends to be more dominant, as in Telstra MobileNet. The token endorsed sub-brand reflects the widest separation from a parent brand and is usually communicated by a phrase like “a Sony Company” (Aaker & Joachimsthaler, 2000b, p. 13). On the other hand, “master brand as driver” reflects the closest connection between the parent brand and sub-branded offer, which is usually communicated by having the parent brand name appear prominently through a logo and the overall visual style.

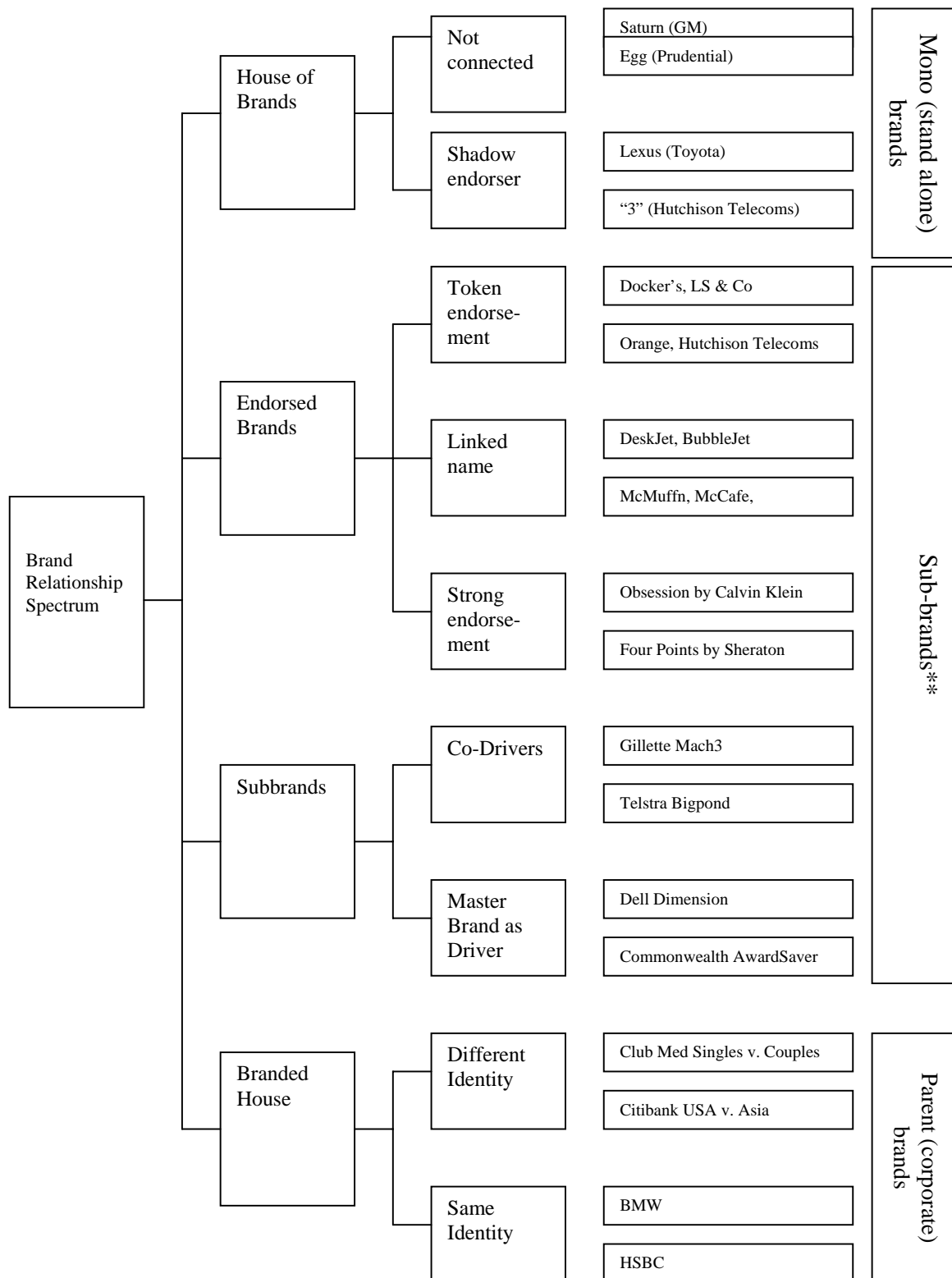


Figure 2. Brand Relationship Spectrum (adapted from Aaker & Joachimsthaler, 2000b, p. 9)

3. Service Brand Relationship Matrix

Interestingly, none of the architecture or relationship frameworks discussed above make any distinction between strategies for manufactured goods versus services; it is implied that the frameworks are applicable to services and goods alike. As services brands generally involve the company as a whole, creating an individual sub-brand within the company depends very much on which part of the company one is trying to brand. In addition to branding the company and creating a set of corporate associations, services may need to look into the possibility of branding their within-company “service lines”. Companies can brand subsidiaries, divisions, features and benefits, and supplementary service programs that are distinctly different from the company as a whole. Consequently, adapting the Aaker and Joachimsthaler framework, we propose a Services Brand Relationship Matrix – SBRM (see Figure 3).

		Salience of the Connection Between the Constituent Brands	
		High or Equal Connection (dual brand)	Low Connection (endorsed brand)
Inter-organisational Architecture	Network Brands	(No Existing Examples)	Qantas is a member of Oneworld University of Sydney is a member of Go8. StateFarm is a member of FDIC Budget Motel Chain Pharmacy Advice
	Support Brands	(No Existing Examples)	Verisign logo in internet websites Bpay bill payment option in utilities. Australian Heart Foundation tick logo on dairy products. Australian Made logo in Australian made products.
	Co-brands	Ninemsn Telstra Visa Citistreet AOLtimewarner	(No Existing Examples)
Intra-organisational Architecture	Branded Division	Virgin Blue Telstra BigPond NRMA Insurance Holiday Inn Spree	Courtyard by Marriott Four Points by Sheraton Orange by Hutchison GIO a Suncorp Company
	Branded Features	VISA Platinum Commonwealth Bank AwardSaver American Express Platinum Air New Zealand Pacific Class	(No Existing Examples)
	Branded Programs	Qantas Frequent Flyer Thrifty Blue Chips Hilton HHonours United Mileage Plus	(No Existing Examples)

Figure 3 Service Brand Relationship Matrix

Note: Endorsed brands are dominated by sub-brand in terms of visual communications. Dual brands are dominated by parent brand (or equally dominated by each) in terms of visual communications.

The horizontal axis of the SBRM indicates the relative salience of the connection between the constituent services brands. The relationship can be made more or less salient by manipulating the visual and/or linguistic similarity of the constituent brands. For example, for Telstra Bigpond internet services, the corporate brand and the sub-brand are presented together using similar fonts and colour schemes, whereas the acquired GIO sub-brand remains visually distinct from the SunCorp parent, and is often presented alone. The main distinction on the vertical dimension is between sub-brands that exist within a given company - *intra-organizational* architecture versus those that result from strategic alliances between multiple companies - *inter-organizational* architecture. These two broad categories are separated further according to the specific aspect of the service offering being branded.

3.1 Inter-organizational Architecture

As depicted in Figure 3, branding a service entity can in most occasions involve external influences in addition to elements within the organisation. Inter-organisational architecture can take the form of network, support brand or a co-branding role. The first category involves network brands, usually in the form of membership affiliation. A network brand is formed when a number of brands within the same basic service category with similar standards (e.g., research universities) join force to maintain standards and communicate their credibility to the consumers. Obviously, networking involves the endorser rather than sub-brand strategy as communicating the name of the network can only provide an endorsing rather than a driver role. Qantas' affiliation with OneWorld Alliance is a case in point of effective network branding. OneWorld is a network of eight of the major world carriers including British Airways, Cathay Pacific and American Airlines. As an alliance, OneWorld is able to offer a range of benefits that are beyond the reach of its individual airlines. An interesting aspect of OneWorld alliance is that since the eight airlines' frequent flyer programs have different names for their various membership tiers, it was necessary to create a set of Oneworld symbols: Oneworld Emerald, Sapphire and Ruby and designed a distinctive program for the customers of the alliance.

The second category of inter-organisational architecture – in the form of endorsement programs, features, benefits and ingredients playing a support role – can be an important strategy in building service brands. Support branding differs from the network branding in that it not only endorses a broader range of products (e.g., products made in Australia; websites that accept online payments) as opposed to a single product category, but also offers substance in addition to credibility. The motivation for using such a branding strategy is that it enhances the differentiation of the host brand from competition by characterising the supporting attribute (Desai and Keller, 2002). As a support brand, Verisign has established a significant equity with its familiar 'Verisign Secure Site' logo on internet websites that accepts online payments. Presence of Verisign logo enhances the host brand equity not only because the host brand needs to comply with certain quality standards but also because it uses Verisign's 128 bit

encryption technology to transfer payment information. The Bpay bill payment system and UPS delivery service from Australia Post also play similar roles by enhancing the host brands' competitiveness.

The third category of the inter-organisational architecture involves co-branding. As Blackett and Russell (2000, p.163) posit, "co-branding is a form of co-operation between two or more brands with significant customer recognition, in which all the participants' brand names are retained". Thus, co-branding usually involves long term objectives in the form of joint venture or strategic alliance to use the assets and reputation of a partner in different service category to enter a new market or country. Ninemsn, Telstra Visa card, CitiStreet and AOLTimeWarner are examples reflecting the nature of co-driver roles they can play in building brands. Formed in 1997, ninemsn is a 50:50 joint venture between the Microsoft Corporation and PBL's online investment arm, Ecorp. Through their joint-venture parent companies, ninemsn delivers quality content from the stable of Nine Network television programs and ACP magazines, while also providing Australians access to Australia's most popular communication services such as MSN Hotmail, MSN Messenger and MSN Search.

3.2 Intra-organizational Architecture

The following section details intra-organizational architecture, with some illustrative examples of how sub-brands can create unique sources of equity in services. As shown in Figure 3, three major categories of sub-branding exist: divisions or subsidiaries, features and benefits, and specialty programs (although "features" and "program" branding are not likely to be developed as endorsed brands since the parent brand is expected to play a stronger role).

There is an array of examples in the service industry where services companies have attempted to brand divisions either as dual brands, by maintaining close associations, or as endorsed brands, by significantly distancing their associations through various forms of marketing communications. Although it is often difficult to create meaning distinct from the generic service category, branding subsidiaries and divisions is often an attractive option for creating an identity that is distinct from the corporate identity. Branding a division appears to be a workable strategy as a sub-brand or even endorsed brand. Some examples are Four Points by Sheraton and Virgin Blue. The Sheraton endorsement of Four Points means that the Sheraton parent brand affirms that Four Points will deliver on its brand promise, which is different from that of Sheraton hotels. While Sheraton still operating as a five-star upscale hotel, Four Points by Sheraton operates as a 3-4-star business travel hotel targeting a distinct segment. The customers of Sheraton are led to believe that Four Points by Sheraton "is not quite a Sheraton" but the new customers of Four Points believe that it "is a Sheraton" they can afford, because they are entitled to most of the augmented services offered to any Sheraton customers, such as the Preferred Guest program, express reservation system, movie pass and so forth.

Virgin's first major entry into Australia with its Virgin Blue budget airline operation is another case in point. Rather than calling it Virgin Airline, Richard Branson chose the name "Blue" and commented that "it represents our goal to prove to Australia how true BLUE we are about delivering low fares" (Virgin Blue Press Release, 2000, p. 1). Virgin Blue wanted its customers to think that it is a Virgin brand, but a brand distinctly different from its big brother Virgin Atlantic and other Virgin Operations. This successful sub-brand has created a personality unique in Australia through investing its "blue" name to extend to other augmented services, such as Blue Zone (extended leg room), Blue Room (lounge service), and core services, Blue Holidays (package), and Pacific Blue (flights to New Zealand).

The heart of the debate on sub-branding in the services sector lies in the features and benefits of branding specific service offers. While most service organizations tend to use generic descriptive names for their individual service offerings, like savings accounts, telephone plans, and so forth, several organizations have benefited by effectively developing brand names that emphasize specific features in terms of segments. Visa's Platinum, and Commonwealth Bank's Award Saver are examples of this strategy. VISA's upmarket Platinum emphasizes that VISA Platinum is a VISA because customers can expect everything that VISA provides in a VISA Platinum. In addition, Platinum benefits are emphasized to differentiate the Platinum from VISA as well as from other platinum cards in the market. To do this, in addition to meeting platinum generic features, VISA implements a VISA Platinum Customer Centre (in 20 languages), Concierge Service (available 24 hours, 7 days a week), VISA Platinum Golf (access to 14 of the world's best golf courses), and travel insurance (covers \$500,000). With a connotation of "awarding" for saving money, Commonwealth Bank's AwardSaver has attempted to differentiate the offer in several ways: at least one deposit a month with no withdrawals is awarded extra interest; earning extra interest for six consecutive months is awarded additional interest on a term deposit, a 50% discount on a home loan establishment fee, and a 15% discount on home contents insurance.

Branding experts generally view loyalty programs, sponsorship programs and societal marketing programs as brands (Aaker & Joachimsthaler, 2000a; Lederer & Hill, 2001). Long-term programs of this nature are capable of becoming strong sub-brands, as feelings, images, beliefs, perceptions and opinions become linked to the sub-brand (Hoeffler & Keller, 2002). Frequent flyer programs of airlines and loyalty programs of credit card companies, car rental companies and the hotel industry appear to be in the forefront of building brands by generating their programs as successful sub-brands with a unique set of benefits and features. As noted above, specific programs have the advantage of being relatively easy to separate psychologically from the corporate identity and the core service category. For example, Delta Airlines offers its Sky Miles members an Optima card; American Airlines offers its AAdvantage members a bundle of benefits.

4. Conclusion

In this paper, we have provided a framework for understanding service brands. We used Aaker and Joachimsthaler's "*brand relationship spectrum*" (2000a) to develop "*service brand relationship matrix*" that the services sector can benefit. Future research should be undertaken in order to investigate the efficacy of this matrix for understanding the success and failure of service brands. Content analysis of existing advertisements, brand association tasks, and experimental designs incorporating antecedents and consequences of service sub-brands are some avenues to be pursued in the future.

Note: *subbrands and sub-brands are different. **sub-brand is used in the present study to represent all versions of sub level branding; and is termed as "unified service brand" from Chapter 3 onwards. Each basic type includes two examples – a manufactured good and a service.

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